

**STATE PLUMBING BOARD OF LOUISIANA
DEPARTMENT OF LABOR
STATE OF LOUISIANA**

**Component Unit Financial Statements
And Independent Auditor's Reports
As of and for the Year Ended June 30, 2010**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 10/13/10

**STATE PLUMBING BOARD OF LOUISIANA
DEPARTMENT OF LABOR
STATE OF LOUISIANA
Annual Financial Statements
JUNE 30, 2010**

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Independent Auditors' Report

**To the Board Members of the
State Plumbing Board of Louisiana
Department of Labor
State of Louisiana
New Orleans, Louisiana**

We have audited the accompanying financial statements of the business-type activities of the State Plumbing Board of Louisiana (the Board), a component unit of the State of Louisiana, as of and for the year ended June 30, 2010, which collectively comprise the Board's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Board's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of the business-type activities of the Board as of June 30, 2010, and the respective changes in financial position and cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2010 on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress for Other Post-employment benefits information on pages 3 through 7 and 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Board's basic financial statements. The accompanying supplementary information such as the Division of Administration Reporting Packet, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Board. The Division of Administration Reporting Packet is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Hienz & Macaluso, LLC

HIENZ & MACALUSO, LLC
Metairie, LA

August 24, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

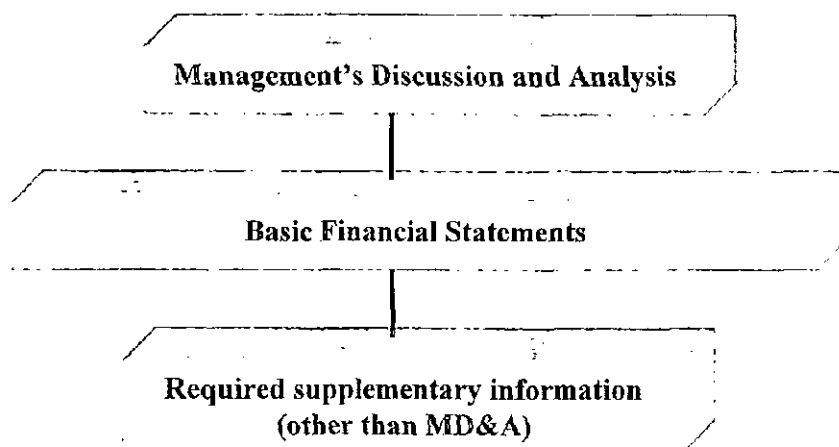
The Management's Discussion and Analysis (MD&A) of the State Plumbing Board of Louisiana's financial performance presents a narrative overview and analysis of the State Plumbing Board of Louisiana's financial activities for the year ended June 30, 2010. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with prior year's information. Please read this document in conjunction with the information contained in the State Plumbing Board of Louisiana's (the Board's) financial statements.

Financial Highlights

- ★ Net operating income decreased by \$112,654 from the prior year.
- ★ The Board recorded long-term debt for the other post employment benefits liability for retiree benefits in the amount of \$ 122,582 as required under Government Accounting Standards Board Statement No. 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. See footnote 6 for further discussion.
- ★ Net assets as of June 30, 2010 are \$ 41,085, which is a decrease from the previous year in the amount of \$ 125,155 or 67.17%.

Overview of the Basic Financial Statements

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.



These financial statements consist of three sections – Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

Basic Financial Statements

The basic financial statements present information for the Board as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Assets, the Statements of Revenues, Expenses, and Changes in Fund Net Assets, and the Statement of Cash Flows.

The Statement of Net Assets (pages 8-9) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Board is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Fund Net Assets (page 10) presents information showing how the Board's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until fiscal periods.

The Cash Flow Statement (pages 11-12) presents information showing how the Board's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

Financial Analysis of the Entity

The following presents condensed financial information on the operations of the Entity:

| | Total | |
|---|--------------------|-------------------|
| | 2010 | 2009 |
| Current and other assets | \$ 214,889 | \$ 267,940 |
| Capital assets (net of accumulated depreciation) | 9,356 | 12,163 |
| Total assets | <u>224,245</u> | <u>280,103</u> |
| Current liabilities | 43,506 | 32,953 |
| Long-term debt outstanding (compensated absences) | 139,654 | 121,995 |
| Total liabilities | <u>183,160</u> | <u>154,948</u> |
| Net assets | | |
| Invested in capital assets, net of debt | 9,356 | 12,163 |
| Restricted | - | - |
| Unrestricted | 31,729 | 112,992 |
| Total net assets | <u>\$ 41,085</u> | <u>\$ 125,155</u> |
| Operating Revenues | \$ 585,575 | \$ 624,073 |
| Operating Expenses | <u>(670,309)</u> | <u>(596,153)</u> |
| Operating income | <u>(84,734)</u> | <u>27,920</u> |
| Non-operating revenues (expenses) | <u>664</u> | <u>1,315</u> |
| Income before transfers | <u>(84,070)</u> | <u>29,235</u> |
| Transfers in | - | - |
| Transfers out | <u>-</u> | <u>-</u> |
| Net increase (decrease) in net assets | <u>\$ (84,070)</u> | <u>\$ 29,235</u> |

The Board does not have any restricted net assets.

Net assets of the Board decreased by \$ 84,070 or 67.17%, from June 30, 2009 to June 30, 2010. The increase was due primarily to an increase in operating expenses in the amount of \$ 74,156 as well as a decrease in operating revenue of \$ 38,498.

Capital Assets and Long Term Debt Administration

Capital Assets

As of June 30, 2010, the Board had \$ 45,659 invested in a vehicle, furniture, fixtures, and office equipment, and computer equipment and software. There were no addition from the prior year - net book value as of June 30, 2010 amounted to \$ 9,356.

Long Term Debt

The Board has long-term debt outstanding at year-end for compensated absences (leave) in the amount of \$ 17,072 and other post employment benefits payable in the amount of \$ 122,582.

Variations between Budgeted and Actual Amounts

Total operating revenues were approximately \$40,425 less than budgeted while total operating expenses were approximately \$18,308 more than budgeted.

Economic Factors and Next Year's Budgets and Rates

The majority of fees collected by the Board have decreased significantly since 1990. In light of the economic environment in this upcoming 2011 fiscal session, there is very little chance, in our opinion, of a fee increase bill passing through the state legislature requiring a two-thirds majority vote.

The Board, aware of a pending deficit, has and will continue to make cuts and search diligently for other sources of revenue, to keep qualified technicians in the workplace. This is critical to the protection of the health, safety, and welfare of Louisiana citizens.

In 2007 the New Orleans administrative office was closed and is now permanently located in Baton Rouge. These along with numerous inter-office budget cuts have been made and continue on a daily basis.

We, the State Plumbing Board of Louisiana, have made and continue to make efforts to maintain the State Plumbing Board of Louisiana as a viable licensing agency. However, our ability to sustain an adequate balance of board activities and enforcement of the Louisiana Plumbing Law has been and will continue to be adversely affected until the legislature realizes the significance of our financial situation.

The State Plumbing Board through its efforts has sustained the levels of efficiency recently established and has improved continuously through the 2009-2010 year. Significant changes in the enforcement division and office operations are ongoing and should evolve into a favorable outcome for the 2010-2011 year. In addition to these changes the State Plumbing Board of Louisiana plans to introduce a fee increase bill in future legislative sessions. This is paramount for the Board to uphold the State Plumbing

Law. This law protects the health, safety, and welfare of the people of Louisiana. A fee increase is needed and long overdue!

Contacting the Board's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the State Plumbing Board of Louisiana's finances and to show accountability of the Board for the money it receives.

If you have any questions regarding this report or need additional financial information, contact:

Mr. John Barker
Executive Director
12497 Airline Highway
Baton Rouge, Louisiana 70817

Or call 225-756-3434

**STATE PLUMBING BOARD OF LOUISIANA
DEPARTMENT OF LABOR
STATE OF LOUISIANA
STATEMENT OF NET ASSETS
JUNE 30, 2010**

ASSETS

CURRENT ASSETS

| | |
|--------------------------------|----------------|
| Cash and cash equivalents | \$ 138,998 |
| Certificates of deposit | 63,858 |
| Receivables (net of allowance) | <u>12,033</u> |
| Total Current Assets | <u>214,889</u> |

CAPITAL ASSETS

| | |
|-------------------------------|--------------------------|
| Vehicles | 20,284 |
| Office equipment | 11,341 |
| Computer Equipment & Software | <u>14,034</u> |
| | 45,659 |
| Accumulated depreciation | <u>(36,303)</u> |
| Total Capital Assets | <u>9,356</u> |
| Total Assets | \$ <u><u>224,245</u></u> |

The accompanying notes are an integral part of this Financial Statement.

**STATE PLUMBING BOARD OF LOUISIANA
DEPARTMENT OF LABOR
STATE OF LOUISIANA
STATEMENT OF NET ASSETS
JUNE 30, 2010**

LIABILITIES

CURRENT LIABILITIES

| | | |
|---------------------------------------|----|---------------|
| Accounts payable | \$ | 12,961 |
| Payroll deductions and accrued salary | | 11,295 |
| Deferred Revenue | | <u>19,250</u> |
| Total Current Liabilities | | <u>43,506</u> |

NONCURRENT LIABILITIES

| | | |
|--------------------------------|--|----------------|
| Compensated Absences | | 17,072 |
| Other post employment benefits | | <u>122,582</u> |
| Total Noncurrent Liabilities | | <u>139,654</u> |

| | | |
|-------------------|--|----------------|
| Total Liabilities | | <u>183,160</u> |
|-------------------|--|----------------|

NET ASSETS

| | | |
|--|----|----------------------|
| Invested in capital assets, net of related debt | | 9,356 |
| Restricted for: | | |
| Capital projects | | - |
| Debt service | | - |
| Other purposes | | - |
| Unrestricted | | <u>31,729</u> |
| TOTAL NET ASSETS | \$ | <u><u>41,085</u></u> |

The accompanying notes are an integral part of this Financial Statement.

**STATE PLUMBING BOARD OF LOUISIANA
DEPARTMENT OF LABOR
STATE OF LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
JUNE 30, 2010**

OPERATING REVENUES:

| | |
|--------------------------|----------------|
| Licenses | \$ 432,735 |
| Examination fees | 104,570 |
| Enforcement actions | 28,640 |
| Temporary permits | 12,225 |
| Other | 7,405 |
| Total operating revenues | <u>585,575</u> |

OPERATING EXPENSES

| | |
|--------------------------|----------------|
| Personnel services: | |
| Commissioners per diem | 4,395 |
| Salaries | 321,269 |
| Employee benefits | 102,575 |
| Travel | 44,190 |
| Operating services | 87,039 |
| Supplies | 9,876 |
| Professional services | 98,158 |
| Depreciation | 2,807 |
| Total operating expenses | <u>670,309</u> |
| Operating Loss | (84,734) |

NON OPERATING REVENUE

| | |
|--|------------|
| Interest revenue | <u>664</u> |
| Total Non-operating Revenues (Expense) | <u>664</u> |

| | |
|------------------------------|------------------|
| Change in Net Assets | (84,070) |
| Total Net Assets - Beginning | <u>125,155</u> |
| Total Net Assets - Ending | <u>\$ 41,085</u> |

The accompanying notes are an integral part of these Financial Statements.

**STATE PLUMBING BOARD OF LOUISIANA
DEPARTMENT OF LABOR
STATE OF LOUISIANA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010**

CASH FLOWS FROM OPERATING ACTIVITIES:

| | |
|---|------------------|
| Cash received from license fees, permits, and enforcement actions | \$ 582,515 |
| Cash payments for salaries and related benefits | (407,701) |
| Cash payments to suppliers for goods and services | <u>(229,864)</u> |
| Net cash provided (used) by operating activities | <u>(55,050)</u> |

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

| | |
|--|--------------------------|
| Acquisition of capital assets | <u>-</u> |
| Net increase (decrease) in cash and cash equivalents related financing activities | <u>-</u> |
| Net increase (decrease) in cash and cash equivalents | (55,050) |
| Cash and cash equivalents at beginning of year | <u>194,048</u> |
| Cash and cash equivalents at end of year | <u><u>\$ 138,998</u></u> |

The accompanying notes are an integral part of this Financial Statement.

**STATE PLUMBING BOARD OF LOUISIANA
DEPARTMENT OF LABOR
STATE OF LOUISIANA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010**

Reconciliation of operating income (loss) to net

Cash provided (used) by operating activities:

| | | |
|----------------|--|-------------|
| Operating loss | | \$ (84,734) |
|----------------|--|-------------|

| | | |
|--------------|----------|--|
| Depreciation | \$ 2,807 | |
|--------------|----------|--|

Change in assets and liabilities:

| | | |
|--|---------|--|
| (Increase) decrease in receivables | (1,335) | |
| Increase (decrease) in accounts payable | 9,399 | |
| Increase (decrease) in payroll deductions and accrued salary | 2,879 | |
| Increase (decrease) in deferred revenue | (1,725) | |
| Increase (decrease) in compensated absences | 4,427 | |
| Increase (decrease) in OPEB payable | 13,232 | |

| | | |
|--------------------------|--|---------------|
| Total Adjustments | | <u>29,684</u> |
|--------------------------|--|---------------|

| | | |
|---|--|---------------------------|
| Net cash provided (used) by operating activities | | <u><u>\$ (55,050)</u></u> |
|---|--|---------------------------|

The accompanying notes are an integral part of this Financial Statement.

**STATE PLUMBING BOARD OF LOUISIANA
DEPARTMENT OF LABOR
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

INTRODUCTION

The State Plumbing Board of Louisiana, (the Board) was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 37:1361-1380. The Board is under the control of the Department of Labor and is a component unit of the State of Louisiana and is an integral part of such reporting entity. The Board is composed of eight (8) members appointed by the Governor of Louisiana for a term of six years. The Board consists of one registered engineer, one plumbing inspector, three master plumbers, and three journeyman plumbers. Each appointment is made from a list of three names submitted by the following:

- The registered engineer and the plumbing inspector by the president of the Louisiana State Board of Health;
- Master plumbers by the Louisiana Association of Plumbing, Heating and Cooling Contractors of Louisiana or its successors;
- Journeyman plumbers by the Louisiana Pipe Trades Association or its successors.

The Board elects from its members a chairman, a vice chairman and a secretary-treasurer for two year terms; the election to be held within thirty days of July 1 in each odd numbered year. The chairman shall vote only in a case of a tie.

As authorized by Louisiana Revised Statute 37:1364, each member of the Board shall be reimbursed when actually in attendance at a board meeting or when required to travel for the official authorized business of the board, and such reimbursement shall not exceed \$ 75.00 per day plus actual expenses. Mileage to and from the member's domicile to the place of the meeting or when otherwise required to travel for official authorized business of the board shall be reimbursed at the rate set by the Division of Administration for state employees pursuant to L.R.S. 39:231.

The Board is charged with the responsibility of licensing and regulating any person engaged in the following trades or businesses in the State of Louisiana:

- Plumbing installation or plumbing work or any character (journeyman plumber)
- Business of a master plumber
- Apprentice plumber
- Installing piping used solely to transport gases for medical purposes

The Board's main office is located in Baton Rouge, Louisiana. The Board's operations are funded entirely through annual self-generated revenues.

**STATE PLUMBING BOARD OF LOUISIANA
DEPARTMENT OF LABOR
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting principles and financial reporting standards. The board applies all GASB pronouncements as well as Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

These financial statements were prepared in accordance with GASB Statement 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*. In addition, these financial statements include the implementation of GASB Statement Number 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. This new standard was implemented by the Board in 2001 and provides for significant changes in terminology, recognition of contributions in the Statement of Revenues, Expenses and Changes in Net Assets, inclusion of a management discussion and analysis as supplementary information and other changes.

Reporting Entity

The State of Louisiana is the governing authority and the governmental financial reporting entity for the Board. The financial reporting entity consists of:

- ❖ The primary government (State of Louisiana)
- ❖ Organizations for which the primary government is financially accountable
- ❖ Other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the State of Louisiana for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

**STATE PLUMBING BOARD OF LOUISIANA
DEPARTMENT OF LABOR
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- ❖ Appointing a voting majority of an organization's governing body, and
 - The ability of the State of Louisiana to impose its will on that organization, and/or
 - The potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the State of Louisiana.
- ❖ Organizations, for which the State of Louisiana does not appoint a voting majority, but are fiscally dependent on the State of Louisiana.
- ❖ Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

The Board is considered a component unit of the State of Louisiana because the state exercises oversight responsibility in that the state has the ability to significantly influence the designation of management by the Governor appointing the Board members, and public service is rendered within the state's boundaries. The accompanying financial statements represent activity of the Board, and, therefore, are a part of the fund and account group structure of the State of Louisiana and its basic financial statements.

Basis of Accounting

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a *Codification of Governmental Accounting and Financial Reporting Standards* (GASB Codification). This Codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of the Board present information only as to the transactions of the programs of the Board as authorized by Louisiana statutes and administrative regulations. Basis of Accounting refers to when revenues and expenses are recognized and reported in the financial statements. The accounting and financial reporting treatment applied to the Board is determined by its measurement focus. The transactions of the Board are accounted for on a flow of economic resources

**STATE PLUMBING BOARD OF LOUISIANA
DEPARTMENT OF LABOR
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

measurement focus. With this measurement focus, all assets and all liabilities associated with operations are included in the Statement of Net Assets.

The accounts of the Board are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenue, including all fees and interest revenue of the Board are recognized in the accounting period in which they are earned and become measurable. Operating revenues currently consist of all revenues except interest and “other” revenues.

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable. Operating expenses currently consist of all expenses.

Capital Assets

Capital assets with an original cost or donated value of \$ 5,000 or more are recorded at either historical cost or estimated historical cost and depreciated over their estimated useful lives (excluding salvage value). Any donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management’s estimate of how long the asset is expected to meet service demands. Straight-line depreciation over a 5-year estimated useful life period is used on automobiles, furniture, fixtures and office equipment. These are the only capital assets of the Board’s office.

Compensated Absences

Employees of the Board earn and accumulate vacation and sick leave at varying rates, depending upon their years of service. The amount of vacation and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused vacation leave at the employee’s hourly rate of pay at the time of termination. Upon retirement unused vacation leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits. Accumulated sick leave is not paid.

**STATE PLUMBING BOARD OF LOUISIANA
DEPARTMENT OF LABOR
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables

Receivables consist of all revenues earned at year end and not yet received. These include fees for enforcement actions, NSF checks and interest which are accrued when earned.

Prepaid items

Prepaid items consist of payments to vendors that benefit future reporting periods and are reported on the consumption basis.

Deferred revenues

Deferred revenue consists of examination fees collected prior to the testing dates. The fees are considered earned upon the administration of the test.

Long-term Liabilities

Long-term liabilities include amounts for compensated absences and other post employment benefits that are to be paid in future years.

Cash and cash equivalents

Cash and cash equivalents include demand deposits, petty cash and certificates of deposit with an original maturity of under 90 days and are reported under the financial statement caption "cash and cash equivalents"

Restricted Net Assets

Restricted net assets represent those portions of net assets legally segregated for a specific future use. The Board has no restricted net assets.

Risk Management

The Board pays insurance premiums to the State of Louisiana, Office of Risk Management to cover risks that may occur in normal operations. The state pays premiums to the state's self-insurance program and to various insurance agencies for stop-loss coverage.

**STATE PLUMBING BOARD OF LOUISIANA
DEPARTMENT OF LABOR
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Encumbrances

Encumbrances are not recorded, and therefore, no reservation of net assets is necessary.

Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2: DEPOSITS WITH FINANCIAL INSTITUTIONS

Cash in banks

For reporting purposes, deposits with financial institutions include cash reported on the balance sheet. Under state law, the Board may deposit funds within a fiscal agency bank selected and designated by the Interim Emergency Board. Further, the Board may invest in time certificates of deposits of state banks organized under the laws of Louisiana, the laws of any other state of the union, or the laws of the United States. Louisiana statutes permit the Board to invest in United States bonds, treasury notes, certificates, or other obligations and agencies of the U.S. Government which are federally insured, and certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal offices in Louisiana.

GASB Statement No. 40, which amended GASB Statement No. 3, only requires disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either:

- 1) uninsured and uncollateralized,
- 2) uninsured and collateralized with securities held by the pledging financial institution or
- 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name

The Board has no deposits that are required to be reported in the three categories listed above.

**STATE PLUMBING BOARD OF LOUISIANA
DEPARTMENT OF LABOR
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

DEPOSITS WITH FINANCIAL INSTITUTIONS (Continued)

Deposits in bank accounts are stated at cost, which approximates market. Under state law federal deposit insurance or the pledge of securities owned by the fiscal bank agent must secure these deposits. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

The carrying amount of all cash on the Statement of Net Assets totaled \$ 138,998 at June 30, 2010, with petty cash of \$ 200 included in that figure. The bank balance per the bank statement totaled \$ 150,865 at June 30, 2010.

The following is the banking institution, program, and amount of the bank balances shown above:

| <u>Banking Institution</u> | <u>Program</u> | <u>Type</u> | <u>Amount</u> |
|-----------------------------------|-----------------------|--------------------|----------------------|
| 1. Whitney National Bank | N/A | Checking | \$ 150,865 |
| 2. Whitney National Bank | N/A | Certificate | 34,160 |
| 3. Whitney National Bank | N/A | Certificate | <u>29,698</u> |
| Total | | | <u>\$ 214,723</u> |
| Cash in State Treasury | \$ 0 | | |
| Petty Cash | \$ 200 | | |

Certificates of Deposit (Investments):

At June 30, 2010 the Board held "investments", which were actually two certificates of deposit at Whitney National Bank located in the Baton Rouge area. Both certificates of deposit are fully insured by federal deposit insurance. Interest rates on each are 1.25%. The fair value and cost of each are equal to the each investment's carrying amount totaling \$ 63,858. See detail above.

NOTE 3: INVESTMENTS

The Board did not have any investments at June 30, 2010. See footnote 2 for discussion regarding certificates of deposit.

**STATE PLUMBING BOARD OF LOUISIANA
DEPARTMENT OF LABOR
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 4: CAPITAL ASSETS

The capital assets used by the Board are included on the Statement of Net Assets and are capitalized at historical cost. Depreciation of all exhaustible capital assets used by the Board is charged as an expense against operations. Accumulated depreciation is reported on the Statement of Net Assets. Depreciation expense for financial reporting purposes is computed using the straight-line method over the useful lives of the capital assets. Depreciation expense recorded for the year ended June 30, 2010 was \$ 2,807.

A summary of changes in capital assets and accumulated depreciation during the year is listed as follows:

| Fiscal Year Ending June 30, 2010 | Ending Balance 2009 | Additions | Retirements | Ending Balance 2010 |
|---|---------------------------|-----------|-------------|---------------------------|
| <u>Capital assets, being depreciated:</u> | | | | |
| Vehicles | \$ 20,284 | \$ - | \$ - | \$ 20,284 |
| Office equipment | 11,341 | - | - | 11,341 |
| Computer equipment | 14,034 | - | - | 14,034 |
| Total | 45,659 | - | - | 45,659 |

ACCUMULATED DEPRECIATION

| Fiscal Year Ending June 30, 2010 | Ending Balance 2009 | Additions | Retirements | Ending Balance 2010 |
|---|---------------------------|-----------|-------------|---------------------------|
| <u>Capital assets, being depreciated:</u> | | | | |
| Vehicles | 20,284 | - | - | 20,284 |
| Office equipment | 11,341 | - | - | 11,341 |
| Computer equipment | 1,871 | 2,807 | - | 4,678 |
| Total | 33,496 | 2,807 | - | 36,303 |

| | | | | |
|-----------------------|------------------|--|--|-----------------|
| NET BOOK VALUE | \$ 12,163 | | | \$ 9,356 |
|-----------------------|------------------|--|--|-----------------|

NOTE 5: RETIREMENT SYSTEM

The employees of the Board are members of the Louisiana State Employees Retirement System (LASERS), a cost-sharing, multiple-employer, defined benefit pension plan administered by a separate board of trustees. LASERS provides retirement, disability and survivors' benefits to plan members and beneficiaries. Benefits granted by LASERS are guaranteed by the State of Louisiana by provisions of the Louisiana Constitution of 1974. Generally, all full-time employees are eligible to participate in LASERS, with employee benefits vesting after 10 years of service. Article 10, Section

**STATE PLUMBING BOARD OF LOUISIANA
DEPARTMENT OF LABOR
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

RETIREMENT SYSTEM (CONTINUED)

29 of the Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature.

LASERS issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by contacting the Louisiana State Employee Retirement System at P.O. Box 44213, Baton Rouge, Louisiana 70804-4213 or by calling (225) 922-0600.

Contribution requirements of plan members and the Board are established and may be amended by the state legislature. The legislature annually sets the required employer contribution rate to equal the actuarially required employer contribution as set forth in Louisiana Revised Statute 11:102.

Employees are required by the state to contribute 7.5% of their annual covered salaries (unless employed after July 1, 2006 – the rate is 8%), and the Board is required to make employer contributions based on an actuarially determined rate. The employer rate for the years ended June 30, 2010, 2009 and 2008 were 18.6%, 18.5%, and 20.4%, respectively, of annual covered payroll. The Board's employer contributions to the System for the years ended June 30, 2010, 2009 and 2008 were 32,347, \$ 27,649, and \$ 32,728, respectively, and these amounts equaled the required contributions for those years.

Certain employees of the Board participate in the Louisiana Deferred Compensation Plan adopted under the provisions of Internal Revenue Code Section 457. Complete disclosures relating to this statewide plan are available in the financial statements of the State of Louisiana.

NOTE 6: POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

Plan description

Louisiana State employees may participate in the State's Other Postemployment Benefit Plan (OPEB Plan), an agent multiple-employer defined benefit OPEB Plan (for FY 2010) that provides medical and life insurance to eligible active employees, retirees and their beneficiaries. The Office of Group Benefits administers the plan. LRS 42:801-883 provides the authority to establish and amend benefit provisions of the plan. The Office of Group Benefits does not issue a publicly available financial report of the OPEB Plan; however, it is included in Louisiana Comprehensive Annual Financial Report (CAFR).

**STATE PLUMBING BOARD OF LOUISIANA
DEPARTMENT OF LABOR
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

POSTRETIREMENT HEALTH CARE AND OTHER BENEFITS (Continued)

You may obtain a copy of the CAFR on the Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap.

Funding Policy

The plan is currently financed on a pay-as-you-go basis. The contribution requirements of plan members and the Board are established and may be amended by LRS 42:801-883. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage.

Annual OPEB Cost

The Board's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. A level percentage of payroll amortization method, open period was used. For 2010, the Board's annual other postemployment benefit (OPEB) cost of 32,896 consisted of the following: (ARC \$37,300 plus interest of \$4,374 less ARC adjustment of \$4,178). The Board made contributions of \$ 19,664 for 2010. The Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for June 30, 2010, 2009 and 2008 were as follows:

| Year <u>Ended</u> | Annual <u>OPEB Cost</u> | Percent of Annual OPEB <u>Cost Contributed</u> | Net OPEB <u>Obligation</u> |
|----------------------|----------------------------|--|----------------------------------|
| 6/30/2008 | \$113,600 | 20.04% | \$ 91,000 |
| 6/30/2009 | \$ 37,463 | 51.02% | \$ 109,350 |
| 6/30/2010 | \$ 32,896 | 59.78% | \$ 122,582 |

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2009, was as follows:

| | |
|---|------------|
| Actuarial accrued liability (AAL) | \$ 462,100 |
| Actuarial value of plan assets | - |
| Unfunded actuarial accrued liability (UAAL) | 462,100 |
| Funded ratio (actuarial value of plan assets/AAL) | 0% |
| Covered payroll (annual payroll of active employee covered by the plan) | \$ 134,100 |
| UAAL as a percentage of covered payroll | 344.59% |

**STATE PLUMBING BOARD OF LOUISIANA
DEPARTMENT OF LABOR
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

POSTRETIREMENT HEALTH CARE AND OTHER BENEFITS (Continued)

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the July 1, 2009, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses) and initial annual healthcare cost trend rate of 9.0% and 10.1% for pre-Medicare and Medicare eligible's, respectively, scaling down to ultimate rates of 5% per year. Retirement rate assumptions differ by employment date and date of plan participation. The Board's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at June 30, 2010, was twenty-seven years.

NOTE 7: LEASES

Annual Commitments under Operating Lease

The Board had the following operating lease in effect as of and for the year ended June 30, 2010:

**STATE PLUMBING BOARD OF LOUISIANA
DEPARTMENT OF LABOR
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

LEASES (Continued)

The Baton Rouge office space is located at 12497 Airline Highway. The lease agreement requires monthly payments in the amount of \$3,333 through December 31, 2011.

Rent expense recorded for the fiscal year ended June 30, 2010 was \$ 40,000.

Annual lease commitments are as follows:

| | |
|--|------------------|
| For the fiscal year ending on June 30: | |
| 2011 | 40,000 |
| 2012 | <u>20,000</u> |
| Total minimum lease commitments | <u>\$ 60,000</u> |

NOTE 8: NET ASSETS

Net assets represent the difference between assets and liabilities. The composition of net assets was as follows:

| | |
|----------------------------|------------------|
| Unrestricted | \$ 31,729 |
| Invested in capital assets | <u>9,356</u> |
| Total Net Assets | <u>\$ 41,085</u> |

As of June 30, 2010, none of the Board's net asset balance was restricted.

NOTE 9: COMPENSATED ABSENCES

Compensated absences are recorded as current and non-current liabilities. The following is a summary of the accrued annual leave liability changes during the year:

| | |
|----------------------|------------------|
| Accrued annual leave | |
| at June 30, 2009 | \$ 12,645 |
| Net change | <u>4,427</u> |
| Accrued annual leave | |
| at June 30, 2010 | <u>\$ 17,072</u> |

**STATE PLUMBING BOARD OF LOUISIANA
DEPARTMENT OF LABOR
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

NOTE 10: PER DIEM PAID TO BOARD MEMBERS

The schedule of per diem payments to Board members is presented in compliance with Louisiana State Law. As authorized by Louisiana Revised Statute 32:772, each member of the Board shall be reimbursed when actually in attendance at a board meeting or when required to travel for the official authorized business of the board, and such reimbursement shall not exceed \$ 75 per day.

| <u>Commissioner</u> | <u>No. of Days</u> | <u>Amount Paid</u> |
|---------------------|--------------------|--------------------|
| Gerald LaCour | 1 | \$ 75 |
| James Finley | 4 | 300 |
| Jerry L. Payne | 6 | 450 |
| Keith Bienvenu | 13 | 975 |
| Kelly Craft | 1 | 75 |
| John P. Thomas | 6 | 450 |
| Rickey L. Fabra | 27 | 1,995 |
| Linden Raimer | 4 | 300 |
| Wendall R. Guillot | 3 | 225 |
| Total | | <u>\$ 4,845</u> |

REQUIRED SUPPLEMENTARY INFORMATION

STATE PLUMBING BOARD OF LOUISIANA
DEPARTMENT OF LABOR
STATE OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR
OTHER POST-EMPLOYMENT BENEFITS
FOR THE YEAR ENDED JUNE 30, 2010

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) Projected Unit Cost | Unfunded AAL (UAAL) | Funded Ratio | Covered Payroll | UAAL as a Percentage of Covered Payroll |
|--------------------------------|---------------------------------|--|---------------------------|-----------------|--------------------|--|
| 07/01/2007 | \$0 | \$2,229,200 | \$2,229,200 | 0% | \$ 133,203 | 1,674% |
| 07/01/2008 | \$0 | \$ 496,100 | \$ 496,100 | 0% | \$ 88,600 | 559.93% |
| 07/01/2009 | \$0 | \$ 462,100 | \$ 462,100 | 0% | \$ 134,100 | 344.59% |

OTHER SUPPLEMENTARY SCHEDULES

**SCHEDULES REQUIRED BY THE DIVISION OF ADMINISTRATION,
OFFICE OF
STATEWIDE REPORTING AND ACCOUNTING POLICY**

STATE PLUMBING BOARD OF LOUISIANA
STATE OF LOUISIANA
Annual Financial Statements
June 30, 2010

C O N T E N T S

AFFIDAVIT

Statements

MD&A (See audit report pages 3 – 7)

Balance Sheet A

Statement of Revenues, Expenses, and Changes in Fund Net Assets B

Statement of Activities (Additional information in Appendix B) C

Statement of Cash Flows D

Notes to the Financial Statements

- A. Summary of Significant Accounting Policies
- B. Budgetary Accounting
- C. Deposits with Financial Institutions and Investments (See Appendix C)
- D. Capital Assets – Including Capital Lease Assets
- E. Inventories
- F. Restricted Assets
- G. Leave
- H. Retirement System
- I. Other Postemployment Benefits (Additional information in Appendix D)
- J. Leases
- K. Long-Term Liabilities
- L. Contingent Liabilities
- M. Related Party Transactions
- N. Accounting Changes
- O. In-Kind Contributions
- P. Defeased Issues
- Q. Revenues or Receivables – Pledged or Sold (GASB 48) (See Appendix E)
- R. Government-Mandated Nonexchange Transactions (Grants)
- S. Violations of Finance-Related Legal or Contractual Provisions
- T. Short-Term Debt
- U. Disaggregation of Receivable Balances
- V. Disaggregation of Payable Balances
- W. Subsequent Events
- X. Segment Information
- Y. Due to/Due from and Transfers
- Z. Liabilities Payable from Restricted Assets
- AA. Prior-Year Restatement of Net Assets
- BB. Net Assets Restricted by Enabling Legislation (See Appendix F)
- CC. Impairment of Capital Assets (See Appendix G)
- DD. Employee Termination Benefits

- EE. Pollution Remediation Obligations
- FF. American Recovery and Reinvestment Act (ARRA)

Schedules

- 1 Schedule of Per Diem Paid to Board Members
- 2 Not Applicable
- 3 Schedules of Long-Term Debt
- 4 Schedules of Long-Term Debt Amortization
- 5 Schedule of Current Year Revenue and Expenses – Budgetary Comparison of Current Appropriation – Non-GAAP Basis (applicable only for entities whose budget is appropriated by the legislature)
- 15 Schedule of Comparison Figures and Instructions
- 16 Schedule of Cooperative Endeavors (see Appendix H)

STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ended June 30, 2010

State Plumbing Board of Louisiana
12497 Airline Highway
Baton Rouge, LA 70817

Division of Administration
Office of Statewide Reporting
and Accounting Policy
P. O. Box 94095
Baton Rouge, Louisiana 70804-9095

Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

Legislative_Auditor_-_Fileroom.LLA@lla.state.la.us

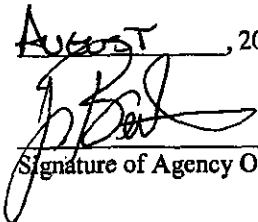
Physical Address:
1201 N. Third Street
Claiborne Building, 6th Floor, Suite 6-130
Baton Rouge, Louisiana 70802

Physical Address:
1600 N. Third Street
Baton Rouge, Louisiana 70802

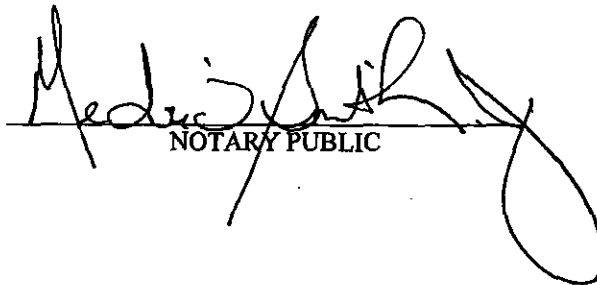
AFFIDAVIT

Personally came and appeared before the undersigned authority, John Barker, Executive Director of State Plumbing Board of Louisiana who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of the State Plumbing Board of Louisiana at June 30, 2010 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board. Sworn and subscribed before me, this 25th day of

August, 2010.



Signature of Agency Official



NOTARY PUBLIC

Prepared by: HIENZ & MACALUSO, LLC

Title: CERTIFIED PUBLIC ACCOUNTANT

Telephone No.: 504-837-5434

Date: AUGUST 23, 2010

Email Address: rhienz@hienzmcaluso.com

MEDRIC SMITH, JR.
Notary Public
Parish of Iberville, State of Louisiana
Notary Identification #11740
My Commission is issued for Life

**STATE OF LOUISIANA
STATE PLUMBING BOARD OF LOUISIANA
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010**

Statement A

ASSETS

CURRENT ASSETS:

| | |
|--|------------|
| Cash and cash equivalents | \$ 138,998 |
| Restricted Cash and Cash Equivalents | |
| Investments | 63,858 |
| Derivative instrument | |
| Deferred outflow of resources | |
| Receivables (net of allowance for doubtful accounts)(Note U) | 12,033 |
| Due from other funds (Note Y) | |
| Due from federal government | |
| Inventories | |
| Prepayments | |
| Notes receivable | |
| Other current assets | |
| Total current assets | 214,889 |

NONCURRENT ASSETS:

| | |
|--|------------|
| Restricted assets (Note F): | |
| Cash | |
| Investments | |
| Receivables | |
| Investments | |
| Notes receivable | |
| Capital assets, net of depreciation (Note D) | |
| Land and non-depreciable easements | |
| Buildings and improvements | |
| Machinery and equipment | 9,356 |
| Infrastructure | |
| Intangible assets | |
| Construction/Development-in-progress | |
| Other noncurrent assets | |
| Total noncurrent assets | 9,356 |
| Total assets | \$ 224,245 |

LIABILITIES

CURRENT LIABILITIES:

| | |
|--|-----------|
| Accounts payable and accruals (Note V) | \$ 24,256 |
| Derivative instrument | |
| Deferred inflow of resources | |
| Due to other funds (Note Y) | |
| Due to federal government | |
| Deferred revenues | 19,250 |
| Amounts held in custody for others | |
| Other current liabilities | |
| Current portion of long-term liabilities: (Note K) | |
| Contracts payable | |
| Compensated absences payable | |
| Capital lease obligations | |
| Claims and litigation payable | |
| Notes payable | |
| Pollution remediation obligation | |
| Bonds payable (include unamortized costs) | |
| Other long-term liabilities | |
| Total current liabilities | 43,506 |

NONCURRENT LIABILITIES: (Note K)

| | |
|---|---------|
| Contracts payable | |
| Compensated absences payable | 17,072 |
| Capital lease obligations | |
| Claims and litigation payable | |
| Notes payable | |
| Pollution remediation obligation | |
| Bonds payable (include unamortized costs) | |
| OPEB payable | 122,582 |
| Other long-term liabilities | |
| Total noncurrent liabilities | 139,654 |
| Total liabilities | 183,160 |

NET ASSETS

| | |
|---|--------|
| Invested in capital assets, net of related debt | 9,356 |
| Restricted for: | |
| Capital projects | |
| Debt service | |
| Unemployment compensation | |
| Other specific purposes | |
| Unrestricted | 31,729 |
| Total net assets | 41,085 |

The accompanying notes are an integral part of this financial statement.

STATE OF LOUISIANA
STATE PLUMBING BOARD OF LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010

Statement B

| | |
|---|-----------------|
| OPERATING REVENUE | |
| Sales of commodities and services | \$ _____ |
| Assessments | _____ |
| Use of money and property | _____ |
| Licenses, permits, and fees | _____ 585,575 |
| Other | _____ |
| Total operating revenues | _____ 585,575 |
| OPERATING EXPENSES | |
| Cost of sales and services | _____ |
| Administrative | _____ 667,502 |
| Depreciation | _____ 2,807 |
| Amortization | _____ |
| Total operating expenses | _____ 670,309 |
| Operating income(loss) | _____ (84,734) |
| NON-OPERATING REVENUES (EXPENSES) | |
| State appropriations | _____ |
| Intergovernmental revenues(expenses) | _____ |
| Taxes | _____ |
| Use of money and property | _____ 664 |
| Gain on disposal of fixed assets | _____ |
| Loss on disposal of fixed assets | _____ |
| Federal grants | _____ |
| Interest expense | _____ |
| Other revenue | _____ |
| Other expense | _____ |
| Total non-operating revenues(expenses) | _____ 664 |
| Income(loss) before contributions, extraordinary items, & transfers | _____ (84,070) |
| Capital contributions | _____ |
| Extraordinary item - Loss on impairment of capital assets | _____ |
| Transfers in | _____ |
| Transfers out | _____ |
| Change in net assets | _____ (84,070) |
| Total net assets – beginning | _____ 125,155 |
| Total net assets – ending | \$ _____ 41,085 |

The accompanying notes are an integral part of this financial statement.

**STATE OF LOUISIANA
STATE PLUMBING BOARD OF LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

Statement C

See Appendix B for instructions

| | | Program Revenues | | |
|--|------------|------------------|---------------|---------------|
| | | Operating | Capital | Net (Expense) |
| | Expenses | Charges for | Grants and | Revenue and |
| | | Services | Contributions | Changes in |
| | | | | Net Assets |
| Entity | \$ 670,309 | \$ 585,575 | \$ | \$ (84,734) |
| General revenues: | | | | |
| Taxes | | | | |
| State appropriations | | | | |
| Grants and contributions not restricted to specific programs | | | | |
| Interest | | | | 664 |
| Miscellaneous | | | | |
| Special items | | | | |
| Extraordinary item - Loss on impairment of capital assets | | | | |
| Transfers | | | | |
| Total general revenues, special items, and transfers | | | | 664 |
| Change in net assets | | | | (84,070) |
| Net assets - beginning as restated | | | | 125,155 |
| Net assets - ending | | | | \$ 41,085 |

The accompanying notes are an integral part of this statement.

**STATE OF LOUISIANA
STATE PLUMBING BOARD OF LOUISIANA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010**

**Statement D
(continued)**

Cash flows from operating activities

| | | |
|---|------------|----------|
| Cash received from customers | \$ 582,515 | |
| Cash payments to suppliers for goods and services | (229,864) | |
| Cash payments to employees for services | (407,701) | |
| Payments in lieu of taxes | | |
| Internal activity-payments to other funds | | |
| Claims paid to outsiders | | |
| Other operating revenues(expenses) | | |
| Net cash provided(used) by operating activities | | (55,050) |

Cash flows from non-capital financing activities

| | | |
|---|--|---|
| State appropriations | | |
| Federal receipts | | |
| Federal disbursements | | |
| Proceeds from sale of bonds | | |
| Principal paid on bonds | | |
| Interest paid on bond maturities | | |
| Proceeds from issuance of notes payable | | |
| Principal paid on notes payable | | |
| Interest paid on notes payable | | |
| Operating grants received | | |
| Transfers in | | |
| Transfers out | | |
| Other | | |
| Net cash provided(used) by non-capital financing activities | | - |

Cash flows from capital and related financing activities

| | | |
|---|--|---|
| Proceeds from sale of bonds | | |
| Principal paid on bonds | | |
| Interest paid on bond maturities | | |
| Proceeds from issuance of notes payable | | |
| Principal paid on notes payable | | |
| Interest paid on notes payable | | |
| Acquisition/construction of capital assets | | |
| Proceeds from sale of capital assets | | |
| Capital contributions | | |
| Other | | |
| Net cash provided(used) by capital and related financing activities | | - |

Cash flows from investing activities

| | | |
|--|--|---|
| Purchases of investment securities | | |
| Proceeds from sale of investment securities | | |
| Interest and dividends earned on investment securities | | |
| Net cash provided(used) by investing activities | | - |

Net increase(decrease) in cash and cash equivalents (55,050)

Cash and cash equivalents at beginning of year 194,048

Cash and cash equivalents at end of year 138,998

**STATE OF LOUISIANA
STATE PLUMBING BOARD OF LOUISIANA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010**

**Statement D
(concluded)**

| | | |
|---|---------|-------------|
| Operating income(loss) | | \$ (84,734) |
| Adjustments to reconcile operating income(loss) to net cash provided(used) by operating activities: | | |
| Depreciation/amortization | 2,807 | |
| Provision for uncollectible accounts | | |
| Other | | |
| Changes in assets and liabilities: | | |
| (Increase)decrease in accounts receivable, net | (1,335) | |
| (Increase)decrease in due from other funds | | |
| (Increase)decrease in prepayments | | |
| (Increase)decrease in inventories | | |
| (Increase)decrease in other assets | | |
| Increase(decrease) in accounts payable and accruals | 12,278 | |
| Increase(decrease) in compensated absences payable | 4,427 | |
| Increase(decrease) in due to other funds | | |
| Increase(decrease) in deferred revenues | (1,725) | |
| Increase(decrease) in OPEB payable | 13,232 | |
| Increase(decrease) in other liabilities | | |
| Net cash provided(used) by operating activities | | \$ (55,050) |

Schedule of noncash investing, capital, and financing activities:

| | | |
|--|----|--|
| Borrowing under capital lease(s) | \$ | |
| Contributions of fixed assets | | |
| Purchases of equipment on account | | |
| Asset trade-ins | | |
| Other (specify) | | |
| | | |
| | | |
| | | |
| Total noncash investing, capital, and financing activities: | \$ | |

The accompanying notes are an integral part of this statement.

The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA
STATE PLUMBING BOARD OF LOUISIANA
Notes to the Financial Statement
As of and for the year ended June 30, 2010

INTRODUCTION

The State Plumbing Board of Louisiana (the Board) was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 37:1361-1380. The following is a brief description of the operations of the State Plumbing Board of Louisiana and includes the parish/parishes in which the Board is located:

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of the Board present information only as to the transactions of the programs of the Board as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Board are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

B. BUDGETARY ACCOUNTING – NOT APPLICABLE

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (If all agency cash and investments are deposited in the State Treasury, disregard Note C.) See Appendix C for information related to Note C.

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

STATE OF LOUISIANA
STATE PLUMBING BOARD OF LOUISIANA
Notes to the Financial Statement
As of and for the year ended June 30, 2010

STATE OF LOUISIANA
STATE PLUMBING BOARD OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Board may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Board may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana; in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the Statement of Cash Flows and balance sheet presentation, all highly liquid investments (including negotiable CDs and restricted cash and cash equivalents) and deposits (including nonnegotiable CDs and restricted cash and cash equivalents) with a maturity of three months or less when purchased are considered to be cash equivalents.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are required to be held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

GASB Statement 40, which amended GASB Statement 3, eliminated the requirement to disclose all deposits by three categories of risk. GASB Statement 40 requires only the disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

The deposits at June 30, 2010, consisted of the following:

STATE OF LOUISIANA
STATE PLUMBING BOARD OF LOUISIANA
Notes to the Financial Statement
As of and for the year ended June 30, 2010

| | Cash | Nonnegotiable Certificates of Deposit | Other (Describe) | Total |
|---|------------|---|---------------------|------------|
| Deposits per Balance Sheet (Reconciled bank balance) | \$ 138,798 | \$ 63,858 | \$ | \$ 202,656 |
| Deposits in bank accounts per bank | \$ 150,865 | \$ 63,858 | \$ | \$ 214,723 |
| Bank balances exposed to custodial credit risk: | \$ | \$ | \$ | \$ |
| a. Uninsured and uncollateralized | | | | |
| b. Uninsured and collateralized with securities held by the pledging institution | | | | |
| c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's | | | | |

NOTE: The "Deposits in bank accounts per bank" will not necessarily equal the "Deposits per Balance Sheet" due to outstanding items.

The following is a breakdown by banking institution, program, and amount of the "Deposits in bank accounts per bank" balances shown above:

| <u>Banking Institution</u> | <u>Program</u> | <u>Amount</u> |
|----------------------------|----------------|---------------|
| 1. Whitney National Bank | Checking | \$ 150,865 |
| 2. Whitney National Bank | Certificate | 34,160 |
| 3. Whitney National Bank | Certificate | 29,698 |
| 4. _____ | _____ | _____ |
| Total | | \$ 214,723 |

Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the balance sheet to amounts reported in this note, list below any cash in treasury and petty cash that are included on the balance sheet.

| | |
|------------------------|--------|
| Cash in State Treasury | \$ 0 |
| Petty cash | \$ 200 |

2. INVESTMENTS – NOT APPLICABLE

3. CREDIT RISK, INTEREST RATE RISK, CONCENTRATION OF CREDIT RISK, AND FOREIGN CURRENCY RISK DISCLOSURES – NOT APPLICABLE

STATE OF LOUISIANA
STATE PLUMBING BOARD OF LOUISIANA
Notes to the Financial Statement
As of and for the year ended June 30, 2010

4. DERIVATIVES (GASB 53) – NOT APPLICABLE
5. POLICIES – NOT APPLICABLE
6. OTHER DISCLOSURES REQUIRED FOR INVESTMENTS – NOT APPLICABLE

D. CAPITAL ASSETS – INCLUDING CAPITAL LEASE ASSETS

The fixed assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the balance sheet of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity is charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation for financial reporting purposes is computed by the straight line method over the useful lives of the assets.

| | Year ended June 30, 2010 | | | | | | |
|---|--------------------------|---|-----------------------|----------------------------------|------------|------------|-------------|
| | Prior Period Adjustments | | | Adjusted Balance 6/30/2009 | Additions | Transfers* | Retirements |
| | Balance 6/30/2009 | Adj. after submitted to OSRAP (+/-) | Restatements (+/-) | | | | |
| Capital assets not being depreciated | | | | | | | |
| Land | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Non-depreciable land improvements | - | - | - | - | - | - | - |
| Non-depreciable easements | - | - | - | - | - | - | - |
| Capitalized collections | - | - | - | - | - | - | - |
| Software Development in Progress | - | - | - | - | - | - | - |
| Construction in progress (CIP) | - | - | - | - | - | - | - |
| Total capital assets not being depreciated | - | - | - | - | - | - | - |
| Other capital assets | | | | | | | |
| Machinery and equipment | 45,659 | - | - | 45,659 | - | - | 45,659 |
| Less accumulated depreciation | (33,496) | - | - | (33,496) | (2,807) | - | (36,303) |
| Total Machinery and equipment | 12,163 | - | - | 12,163 | (2,807) | - | 9,356 |
| Buildings and improvements | - | - | - | - | - | - | - |
| Less accumulated depreciation | - | - | - | - | - | - | - |
| Total buildings and improvements | - | - | - | - | - | - | - |
| Depreciable land improvements | - | - | - | - | - | - | - |
| Less accumulated depreciation | - | - | - | - | - | - | - |
| Total land improvements | - | - | - | - | - | - | - |
| Infrastructure | - | - | - | - | - | - | - |
| Less accumulated depreciation | - | - | - | - | - | - | - |
| Total infrastructure | - | - | - | - | - | - | - |
| Software (internally generated and purchased) | - | - | - | - | - | - | - |
| Other Intangibles | - | - | - | - | - | - | - |
| Less accumulated amortization - software | - | - | - | - | - | - | - |
| Less accumulated amortization - other intangibles | - | - | - | - | - | - | - |
| Total intangibles | - | - | - | - | - | - | - |
| Total other capital assets | 12,163 | - | - | 12,163 | (2,807) | - | 9,356 |
| Capital assets not being depreciated | - | - | - | - | - | - | - |
| Other capital assets, at cost | 45,659 | - | - | 45,659 | - | - | 45,659 |
| Total cost of capital assets | 45,659 | - | - | 45,659 | - | - | 45,659 |
| Less accumulated depreciation and amortization | (33,496) | - | - | (33,496) | (2,807) | - | (36,303) |
| Capital assets, net | \$ 12,163 | \$ - | \$ - | \$ 12,163 | \$ (2,807) | \$ - | \$ 9,356 |

**STATE OF LOUISIANA
STATE PLUMBING BOARD OF LOUISIANA
Notes to the Financial Statement
As of and for the year ended June 30, 2010**

E. INVENTORIES – NOT APPLICABLE

F. RESTRICTED ASSETS – NOT APPLICABLE

G. LEAVE

1. COMPENSATED ABSENCES

The Board has the following policy on annual and sick leave:

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the fund when leave is actually taken; it is recognized in the enterprise funds when the leave is earned. The cost of leave privileges applicable to general government operations not requiring current resources is recorded in long-term obligations.

2. COMPENSATORY LEAVE – NOT APPLICABLE

H. RETIREMENT SYSTEM

Substantially all of the employees of the Board are members of the Louisiana State Employees Retirement System (LASERS), a single employer defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

All full-time Board employees are eligible to participate in the System unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Certain elected officials and officials appointed by the governor may, at their option, become members of LASERS. Normal benefits vest with 10 years of service. Generally, retirement age employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service except for members eligible to begin participation in the Defined Benefit Plan (DBP) on or after July 1, 2006. Act 75 of the 2005 Regular Session changes retirement eligibility and final average compensation for members who are eligible to begin

STATE OF LOUISIANA
STATE PLUMBING BOARD OF LOUISIANA
Notes to the Financial Statement
As of and for the year ended June 30, 2010

participation in the DBP beginning July 1, 2006. Retirement eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years of creditable service. Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

Vested employees eligible to begin participation in the DBP before July 1, 2006, are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, these vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after July 1, 2006 have only a single age option. They cannot retire until age 60 with a minimum of 10 years of service. The System also provides death and disability benefits and deferred benefit options, with qualifications and amounts defined by statute. Benefits are established or amended by state statute. The System issues a publicly available annual financial report that includes financial statements and required supplementary information for the System. For a full description of the LASERS defined benefit plan, please refer to the LASERS 2008 Financial Statements, specifically, footnotes A – Plan Description and C – Contributions. That report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000. The footnotes to the Financial Statements contain additional details and are also available on-line at:

[http://www.lasers.state.la.us/PDFs/Publications_and_Reports/Fiscal_Documents/Comprehensive Financial Reports/Comprehensive%20Financial%20Reports_08.pdf](http://www.lasers.state.la.us/PDFs/Publications_and_Reports/Fiscal_Documents/Comprehensive_Financial_Reports/Comprehensive%20Financial%20Reports_08.pdf)

Members are required by state statute to contribute with the single largest group ("regular members") contributing 7.5% of gross salary, and the (BTA) is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2010, increased to 18.6% of annual covered payroll from the 18.5% and 20.4% required in fiscal years ended June 30, 2009 and 2008 respectively. The Board's contributions to the System for the years ending June 30, 2010, 2009, and 2008, were \$32,347, \$27,649, and \$32,728, respectively, equal to the required contributions for each year.

I. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* addresses accounting and financial reporting for OPEB trust and agency funds of the employer. GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* establishes standards of accounting and financial reporting for OPEB expense/expenditures and related OPEB liabilities or OPEB assets, note disclosures, and required supplementary information (RSI) in the financial reports of governmental employers. See the GASB Statement No. 45 note disclosures requirements in section 2 of this note.

1. Calculation of Net OPEB Obligation

Complete the following table for only the net OPEB obligation (NOO) related to OPEB administered by the Office of Group Benefits. The ARC, NOO at the beginning of the year, interest, ARC adjustment, and Annual OPEB Expense have been computed for OGB participants (see

STATE OF LOUISIANA
STATE PLUMBING BOARD OF LOUISIANA
Notes to the Financial Statement
As of and for the year ended June 30, 2010

OSRAP's website - <http://www.doa.louisiana.gov/OSRAP/afrpackets.htm> and select "GASB 45 OPEB Valuation Report as of July 1, 2009, to be used for fiscal year ending June 30, 2010." Report note disclosures for other plans, not administrated by OGB, separately.

| Annual OPEB expense and net OPEB Obligation | |
|--|------------------|
| Fiscal year ending | 6/30/2010 |
| 1. * ARC | 32,700 |
| 2. * Interest on NOO (4%) | 4,374 |
| 3. * ARC adjustment | (4,178) |
| 4. * Annual OPEB Expense (1. + 2. - 3.) | 32,896 |
| 5. Contributions (employer pmts. to OGB for retirees' cost of 2010 insurance premiums) | (19,664) |
| 6. Increase in Net OPEB Obligation (4. - 5.) | 13,232 |
| 7. *NOO, beginning of year (see actuarial valuation report on OSRAP's website) | 109,350 |
| 8. **NOO, end of year (6. + 7.) | 122,582 |

*This must be obtained from the OSRAP website on the spreadsheet "GASB 45 OPEB Valuation Report as of July 1, 2009, to be used for fiscal year ending June 30, 2010."

**This should be the same amount as that shown on the Balance Sheet for the year ended June 30, 2010 if your entity's only OPEB is administered by OGB.

For more information on calculating the annual OPEB expense and the net OPEB obligation, see Appendix D in the back of this packet.

2. Note Disclosures – NOT APPLICABLE (See separately issued financial statements)

J. LEASES

1. OPERATING LEASES

The total payments for operating leases during fiscal year 2010 amounted to \$40,000. (Note: If lease payments extend past FY 2025, create additional columns and report these future minimum lease payments in five year increments.) A schedule of payments for operating leases follows:

| Nature of lease | FY 2011 | FY 2012 | FY 2013 | FY 2014 | FY 2015 | FY 2016-2020 | FY 2021-2025 |
|-----------------|-----------|-----------|---------|---------|---------|--------------|--------------|
| Office Space | \$ 40,000 | \$ 20,000 | | | | | |
| Equipment | | | | | | | |
| Land | | | | | | | |
| Other | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| Total | \$ 40,000 | \$ 20,000 | \$ - | \$ - | \$ - | \$ - | \$ - |

2. CAPITAL LEASES – NOT APPLICABLE

3. LESSOR DIRECT FINANCING LEASES – NOT APPLICABLE

**STATE OF LOUISIANA
STATE PLUMBING BOARD OF LOUISIANA
Notes to the Financial Statement
As of and for the year ended June 30, 2010**

4. LESSOR – OPERATING LEASE – NOT APPLICABLE

K. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2010:

| | <u>Year ended June 30, 2010</u> | | | <u>Balance June 30, 2010</u> | <u>Amounts due within one year</u> |
|------------------------------------|--------------------------------------|------------------|-------------------|--------------------------------------|--|
| | <u>Balance June 30, 2009</u> | <u>Additions</u> | <u>Reductions</u> | | |
| Notes and bonds payable: | | | | | |
| Notes payable | \$ | \$ | \$ | \$ - | \$ |
| Bonds payable | | | | - | |
| Total notes and bonds | - | - | - | - | - |
| Other liabilities: | | | | | |
| Contracts payable | | | | - | |
| Compensated absences payable | 12,645 | 4,427 | | 17,072 | |
| Capital lease obligations | | | | - | |
| Claims and litigation | | | | - | |
| Pollution remediation obligation | | | | - | |
| OPEB payable | 109,350 | 32,896 | 19,664 | 122,582 | |
| Other long-term liabilities | | | | - | |
| Total other liabilities | 121,995 | 37,323 | 19,664 | 139,654 | - |
| Total long-term liabilities | \$ 121,995 | \$ 37,323 | \$ 19,664 | \$ 139,654 | \$ - |

(Balances at June 30th should include current and non-current portion of long-term liabilities.)

(Send OSRAP a copy of the amortization schedule for any new debt issued.) The totals must equal the Balance Sheet for each type of long-term liabilities.

L. CONTINGENT LIABILITIES – NOT APPLICABLE

M. RELATED PARTY TRANSACTIONS – NOT APPLICABLE

N. ACCOUNTING CHANGES – NOT APPLICABLE

O. IN-KIND CONTRIBUTIONS – NOT APPLICABLE

P. DEFEASED ISSUES – NOT APPLICABLE

Q. REVENUES – PLEDGED OR SOLD (GASB 48) – NOT APPLICABLE

R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS) – NOT APPLICABLE

STATE OF LOUISIANA
STATE PLUMBING BOARD OF LOUISIANA
Notes to the Financial Statement
As of and for the year ended June 30, 2010

S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS – NOT APPLICABLE

T. SHORT-TERM DEBT – NOT APPLICABLE

U. DISAGGREGATION OF RECEIVABLE BALANCES

Receivables at June 30, 2010, were as follows:

| Fund (gen. fund, gas tax fund, etc.) | Customer Receivables | Taxes | Receivables from other Governments | Other Receivables | Total Receivables |
|---|-------------------------|-------|--|----------------------|----------------------|
| Licensing Board | \$ 12,033 | \$ - | \$ - | \$ - | \$ 12,033 |
| Gross receivables | \$ 12,033 | \$ - | \$ - | \$ - | \$ 12,033 |
| Less allowance for uncollectible accounts | | | | | |
| Receivables, net | \$ 12,033 | \$ - | \$ - | \$ - | \$ 12,033 |
| Amounts not scheduled for collection during the subsequent year | \$ - | \$ - | \$ - | \$ - | \$ - |

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2010, were as follows:

| Fund | Vendors | Salaries and Benefits | Accrued Interest | Other Payables | Total Payables |
|-----------------|-----------|-----------------------------|---------------------|-------------------|-------------------|
| Licensing Board | \$ 12,961 | \$ 11,295 | \$ - | \$ - | \$ 24,256 |
| Total payables | \$ 12,961 | \$ 11,295 | \$ - | \$ - | \$ 24,256 |

W. SUBSEQUENT EVENTS – NOT APPLICABLE

X. SEGMENT INFORMATION – NOT APPLICABLE

Y. DUE TO/DUE FROM AND TRANSFERS – NOT APPLICABLE

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS – NOT APPLICABLE

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS – NOT APPLICABLE

BB. NET ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB 46) – NOT APPLICABLE

**STATE OF LOUISIANA
STATE PLUMBING BOARD OF LOUISIANA
Notes to the Financial Statement
As of and for the year ended June 30, 2010**

CC. IMPAIRMENT OF CAPITAL ASSETS & INSURANCE RECOVERIES – NOT APPLICABLE

DD. EMPLOYEE TERMINATION BENEFITS – NOT APPLICABLE

EE. POLLUTION REMEDIATION OBLIGATIONS – NOT APPLICABLE

FF. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) – NOT APPLICABLE

**STATE OF LOUISIANA
STATE PLUMBING BOARD OF LOUISIANA
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
JUNE 30, 2010**

| Name | | Amount |
|--------------------|----|--------|
| Geraald LaCour | \$ | 75 |
| James Finley | | 300 |
| Jerry L. Payne | | 450 |
| Keith Bienvenu | | 975 |
| Kelly Craft | | 75 |
| John P. Thomas | | 450 |
| Rickey L. Fabra | | 1995 |
| Linden Raimer | | 300 |
| Wendall R. Guillot | | 225 |
| | | |
| | | |
| | | |
| | | |
| | | |
| Total | \$ | 4,845 |

Note: The per diem payments are authorized by Louisiana Revised Statute, and are presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature.

SCHEDULE 1

**STATE OF LOUISIANA
STATE PLUMBING BOARD OF LOUISIANA
SCHEDULE OF NOTES PAYABLE
JUNE 30, 2010**

NOT APPLICABLE

| Issue | Date of Issue | Original Issue | Principal Outstanding 6/30/PY | Redeemed (Issued) | Principal Outstanding 6/30/CY | Interest Rates | Interest Outstanding 6/30/CY |
|-------|------------------|-------------------|-------------------------------------|----------------------|-------------------------------------|-------------------|------------------------------------|
| | | \$ | \$ | \$ | \$ | | \$ |
| | | | | | | | |
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| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| Total | | \$ | \$ | \$ | \$ | | \$ |

*Send copies of new amortization schedules

NOT APPLICABLE

***Note: Principal outstanding (bond series/minus unamortized costs) at 6/30/10 should agree to bonds payable on the Statement of Net Assets.
Send copies of new amortization schedules for bonds and unamortized costs.**

STATE OF LOUISIANA
STATE PLUMBING BOARD OF LOUISIANA
SCHEDULE OF CAPITAL LEASE AMORTIZATION
For The Year Ended June 30, 2010

NOT APPLICABLE

| Ending: | Payment | Interest | Principal | Balance |
|-----------|-----------|-----------|-----------|-----------|
| 2011 | \$ _____ | \$ _____ | \$ _____ | \$ ____-- |
| 2012 | _____ | _____ | _____ | ____-- |
| 2013 | _____ | _____ | _____ | ____-- |
| 2014 | _____ | _____ | _____ | ____-- |
| 2015 | _____ | _____ | _____ | ____-- |
| 2016-2020 | _____ | _____ | _____ | ____-- |
| 2021-2025 | _____ | _____ | _____ | ____-- |
| 2026-2030 | _____ | _____ | _____ | ____-- |
| 2031-2035 | _____ | _____ | _____ | ____-- |
| Total | \$ ____-- | \$ ____-- | \$ ____-- | \$ ____-- |

STATE OF LOUISIANA
STATE PLUMBING BOARD OF LOUISIANA
SCHEDULE OF NOTES PAYABLE AMORTIZATION
For the Year Ended June 30, 2010
NOT APPLICABLE

| Fiscal Year <u>Ending:</u> | <u>Principal</u> | <u>Interest</u> |
|---|----------------------------|---------------------------|
| 2011 | \$ _____ | \$ _____ |
| 2012 | _____ | _____ |
| 2013 | _____ | _____ |
| 2014 | _____ | _____ |
| 2015 | _____ | _____ |
| 2016-2020 | _____ | _____ |
| 2021-2025 | _____ | _____ |
| 2026-2030 | _____ | _____ |
| 2031-2035 | _____ | _____ |
| Total | \$ <u>_____</u> <u>---</u> | \$ <u>_____</u> <u>--</u> |

**STATE OF LOUISIANA
STATE PLUMBING BOARD OF LOUISIANA
SCHEDULE OF BONDS PAYABLE AMORTIZATION
For The Year Ended June 30, 2010**

NOT APPLICABLE

| <u>Fiscal Year Ending:</u> | <u>Principal</u> | <u>Interest</u> |
|------------------------------------|----------------------|----------------------|
| 2011 | \$ _____ | \$ _____ |
| 2012 | _____ | _____ |
| 2013 | _____ | _____ |
| 2014 | _____ | _____ |
| 2015 | _____ | _____ |
| 2016 | _____ | _____ |
| 2017 | _____ | _____ |
| 2018 | _____ | _____ |
| 2019 | _____ | _____ |
| 2020 | _____ | _____ |
| 2021 | _____ | _____ |
| 2022 | _____ | _____ |
| 2023 | _____ | _____ |
| 2024 | _____ | _____ |
| 2025 | _____ | _____ |
| 2026 | _____ | _____ |
| 2027 | _____ | _____ |
| 2028 | _____ | _____ |
| 2029 | _____ | _____ |
| 2030 | _____ | _____ |
| 2031 | _____ | _____ |
| 2032 | _____ | _____ |
| 2033 | _____ | _____ |
| 2034 | _____ | _____ |
| 2035 | _____ | _____ |
| Total | \$ <u> -- </u> | \$ <u> -- </u> |

***Note: Principal outstanding (bond series plus/minus unamortized costs) at 6/30/10 should agree to bonds payable on the Statement of Net Assets.**

SCHEDULE 4-C

STATE OF LOUISIANA
STATE PLUMBING BOARD OF LOUISIANA
SCHEDULE OF CURRENT YEAR REVENUE AND EXPENSES
BUDGETARY COMPARISON OF CURRENT APPROPRIATION
NON-GAAP BASIS
JUNE 30, 2010
NOT APPLICABLE

| | Financial Statement | Adjustments | ISIS Appropriation Report-08/16/10 | Revised Budget | Variance Positive/(Negative) |
|---|------------------------|-------------|---------------------------------------|----------------|---------------------------------|
| Revenues: | | | | | |
| Intergovernmental Revenues | \$ | \$ | \$ | \$ | \$ |
| Federal Funds | | | - | | - |
| Sales of Commodities and Services | | | - | | - |
| Other | | | - | | - |
| Total appropriated revenues | - | - | - | - | - |
| Expenses: | | | | | |
| Cost of goods sold | \$ | \$ | \$ | \$ | \$ |
| Personal services | | | - | | - |
| Travel | | | - | | - |
| Operating Services | | | - | | - |
| Supplies | | | - | | - |
| Professional services | | | - | | - |
| Other charges | | | - | | - |
| Capital outlay | | | - | | - |
| Interagency transfers | | | - | | - |
| Debt service | | | - | | - |
| Other: | | | | | |
| Bad debts | | | - | | - |
| Depreciation | | | - | | - |
| Compensated absences | | | - | | - |
| Interest expense | | | - | | - |
| Other (identify) | | | - | | - |
| Total appropriated expenses | - | - | - | - | - |
| Excess (deficiency) of revenues over expenses (budget basis) | \$ | \$ | \$ | \$ | \$ |

Note: Schedule 5 is only applicable for those entities whose budget is appropriated by the legislature.

STATE OF LOUISIANA
STATE PLUMBING BOARD OF LOUISIANA
SCHEDULE OF CURRENT YEAR REVENUE AND EXPENSES
BUDGETARY COMPARISON OF CURRENT APPROPRIATION
NON-GAAP BASIS
June 30, 2010

NOT APPLICABLE

| | |
|--|----------|
| Excess (deficiency) of revenues over expenses (budget basis) | \$ _____ |
| Reconciling items: | |
| Cash carryover | _____ |
| Use of money and property (interest income) | _____ |
| Depreciation | _____ |
| Compensated absences adjustment | _____ |
| Capital outlay | _____ |
| Disposal of fixed assets | _____ |
| Change in inventory | _____ |
| Interest expense | _____ |
| Bad debts expense | _____ |
| Prepaid expenses | _____ |
| Principal payment | _____ |
| Loan Principal Repayments included in Revenue | _____ |
| Loan Disbursements included in Expenses | _____ |
| Accounts receivable adjustment | _____ |
| Accounts payable/estimated liabilities adjustment | _____ |
| OPEB payable | _____ |
| Other | _____ |
| Change in Net Assets | \$ _____ |

Note: Schedule 5 is only applicable for entities whose budget is appropriated by the legislature.

STATE OF LOUISIANA
STATE PLUMBING BOARD OF LOUISIANA
COMPARISON FIGURES

To assist OSRAP in determining the reason for the change in financial position for the State, please complete the schedule below. If the change is greater than **\$3 million**, explain the reason for the change.

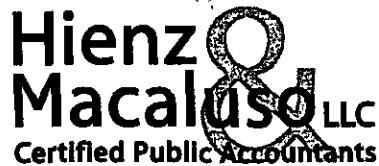
| | <u>2010</u> | <u>2009</u> | <u>Difference</u> | <u>Percentage Change</u> |
|----------------------------|-------------------------|-------------|-------------------|------------------------------|
| 1) Revenues | \$ 586,239 | \$ 625,388 | \$ (\$39,149) | \$ (6.26%) |
| Expenses | 670,309 | 596,153 | 74,156 | 12.44% |
| 2) Capital assets | 9,356 | 12,163 | (2,807) | (23.08%) |
| Long-term debt | 139,654 | 121,995 | 17,659 | 14.48% |
| Net Assets | 41,085 | 125,155 | (84,070) | (67.17%) |
| Explanation for change: | <hr/> <hr/> <hr/> <hr/> | | | |

AGENCY NUMBER
AGENCY

NAME

[illegible]

**OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**



Independent Auditors' Report
on Internal Control over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

**To the Board Members of the
State Plumbing Board of Louisiana
Department of Labor, State of Louisiana
Baton Rouge, LA 70817**

We have audited the financial statements of the business-type activities of the State Plumbing Board of Louisiana (the Board), a component unit of the State of Louisiana, as of and for the year ended June 30, 2010, which collectively comprise the Board's basic financial statements and have issued our report thereon dated August 24, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings as item 2010-2 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2010-1.

The Board's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not audit the Board's response and, accordingly, we express no opinion on it.

This report is intended solely for the information of the State Plumbing Board of Louisiana and its management, federal and state awarding agencies and pass-through entities and the Legislative Auditor of Louisiana and is not intended to be, and should not be, anyone other than those specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Hienz & Macaluso, LLC

HIENZ & MACALUSO, LLC

Metairie, LA

August 24, 2010

**STATE PLUMBING BOARD OF LOUISIANA
DEPARTMENT OF LABOR
STATE OF LOUISIANA
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010**

We have audited the basic financial statements of the State Plumbing Board of Louisiana ("Board") as of and for the year ended June 30, 2010, and have issued our report thereon dated August 24, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2010 resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements:

Internal Control:

Material Weaknesses X YES NO
Significant Deficiencies YES X NO

Compliance:

Noncompliance Material to the Financial Statements X YES NO

b. Federal Awards:

Not applicable

Section II - Financial Statement Findings

Finding 2010-1 Home storage/personal assignment of a state vehicle

Finding:

We determined that the executive director for the Board keeps this vehicle off-site at his personal residence after normal business hours. This is in violation of the Louisiana Administrative Code (LAC), Title 34, Part XI under Fleet Management.

Recommendation:

We recommend the Board review the Louisiana Administrative Code related to home storage/personal assignment of a state fleet vehicle. The Board should implement policies that conform to the Louisiana Administrative Code.

Corrective Action:

The Board intends to meet with the newly appointed Commissioner of Administration and their staff in order to explain our unique circumstances for needing home storage of the vehicle.

Finding 2010-2 State unemployment taxes

Finding:

We determined that the Board failed to file and remit state unemployment taxes payable for the 2008 and 2009 calendar years as required by law. The failure to file payroll tax returns and remit applicable taxes due subjects the Board to potential interest and penalties.

Recommendation:

We recommend that the Board institute controls to ensure that all payroll tax returns are filed and all applicable taxes due are remitted on a timely basis.

Corrective Action:

The Board's external CPA has now remitted the delinquent payroll tax returns and taxes due along with the applicable penalties and interest. In addition, the CPA is monitoring the filing of the returns to ensure that they are prepared and remitted on a timely basis.

Section III - Federal Award Findings and Questioned Costs

Not applicable.

Section IV - Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2010.

REPORTS BY MANAGEMENT

**STATE PLUMBING BOARD OF LOUISIANA
DEPARTMENT OF LABOR
STATE OF LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010**

Section I - Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements:

Internal Control:

Material Weaknesses – YES; Finding 2009-5

Significant Deficiencies - YES; Finding 2009-1 through 2009-5

Compliance and other matters:

Noncompliance Material to the Financial Statements – YES; Findings 2009-1 through 2009-5

b. Federal Awards:

Not applicable

Section II - Financial Statement Findings

Finding 2009-1 Supporting receipts for credit card purchases

Finding:

We discovered that in several instances supporting receipts for credit card purchases were not available for our review. The Board paid the credit card statement balance based on the charges that appeared on the statement. In some instances we could not determine what was purchased from the description on the statement.

Recommendation:

All receipts related to credit card purchases should be turned in to the Board's accountant in a timely fashion. The receipts should be reviewed and a determination made that the purchase was for a valid "business" purpose. These receipts should then be reconciled with the credit card statement received at the end of the month.

Corrective Action:

A new procedure has been implemented and credit card receipts will be collected on a bi-weekly schedule. This should eliminate lost or misplaced receipts.

This finding was resolved during the current year.

Finding 2009-2 Mileage reimbursement

Finding:

We noted instances where the Board did not follow the Louisiana State Travel Policy pertaining to mileage reimbursement.

Recommendation:

We recommend the Board review Louisiana law related to travel policies. The Board should implement policies for mileage reimbursement that conform to the Louisiana Revised Statutes.

Corrective Action:

Major changes to the enforcement division were made in the 2008-2009 year. The Board has a few more changes to make that will eliminate the mileage reimbursement problem. Changes were also made to the mileage reimbursement forms and we have one more to add for the 2009-2010 year that will improve our mileage reimbursement policy.

This finding was resolved during the current year.

Finding 2009-3 Home storage/personal assignment of a state vehicle

Finding:

We determined that the executive director for the Board keeps this vehicle off-site at his personal residence after normal business hours. This is in violation of the Louisiana Administrative Code (LAC), Title 34, Part XI under Fleet Management.

Recommendation:

We recommend the Board review the Louisiana Administrative Code related to home storage/personal assignment of a state fleet vehicle. The Board should implement policies that conform to the Louisiana Administrative Code.

Corrective Action:

This has been an ongoing issue that was worked on throughout the year without the anticipated outcome. The executive director has plans to meet with the Commissioner of Administration to discuss the need for home storage due to the circumstances of his travel.

This finding is repeated during the current year – see finding 2010-1.

Finding 2009-4 LA Licensing Agency Budget Act

Finding:

Louisiana Revised Statutes 39:1331-1342 requires each licensing agency to submit to the Joint Legislative Committee (the Committee) on the Budget an annual comprehensive budget presenting a complete financial plan for the ensuing fiscal year. These statutes further require the Board to notify the Committee in writing of any increase or decrease in the submitted budget if the change will constitute, individually or as an aggregate when considered together with all prior increases or decreases in the same fiscal year, five (5) percent of the total dollars in the budget as submitted. The Board's budgeted to actual variances for 2009 exceeded the five percent provided by state law. The Board did not, as required by state law, amend the budget or notify the Committee of these changes.

Recommendation:

We recommend the Board monitor budget to actual amounts more closely and take appropriate action to comply with the Louisiana Licensing Agency Budget Act when necessary.

Corrective Action:

For the 2009-2010 year a schedule has been made to meet with the Board's CPA to discuss the budget and have a policy in place to better document the changes made that affect the budget. We will be able to monitor the budget better and for the fiscal years to come those changes can be submitted to the Joint Legislative Committee.

This finding was resolved during the current year.

Finding 2009-5 Accounting procedures

Finding:

We discovered that the performance of accounting functions, including bank reconciliations and bank deposits, are not performed in a timely manner. The effect is such that material misstatements or fraud could occur and not be detected in a timely

manner and current financial data cannot be generated to analyze the Board's financial position at any given time.

Recommendation:

We recommend the Board develop accounting procedures that include a timeline to complete daily, weekly, and monthly processing of accounting transactions.

Corrective Action:

Many changes and policies have been made in the 2008-2009 year to better compare the data in the accounting software and the licensing database. With the new database still being added to and improved regularly our accounting procedures will continue to improve.

This finding was resolved during the current year.

Section III - Federal Award Findings and Questioned Costs

Not applicable.

Section IV - Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2009.

**STATE PLUMBING BOARD OF LOUISIANA
DEPARTMENT OF LABOR
STATE OF LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2010**

Section I – Internal Control and Compliance Material to the Financial Statements

Finding 2010-1 Home storage/personal assignment of a state vehicle

Finding:

We determined that the executive director for the Board keeps this vehicle off-site at his personal residence after normal business hours. This is in violation of the Louisiana Administrative Code (LAC), Title 34, Part XI under Fleet Management.

Recommendation:

We recommend the Board review the Louisiana Administrative Code related to home storage/personal assignment of a state fleet vehicle. The Board should implement policies that conform to the Louisiana Administrative Code.

Corrective Action:

The Board intends to meet with the newly appointed Commissioner of Administration and their staff in order to explain our unique circumstances for needing home storage of the vehicle.

Finding 2010-2 State unemployment taxes

Finding:

We determined that the Board failed to file and remit state unemployment taxes payable for the 2008 and 2009 calendar years as required by law. The failure to file payroll tax returns and remit applicable taxes due subjects the Board to potential interest and penalties.

Recommendation:

We recommend that the Board institute controls to ensure that all payroll tax returns are filed and all applicable taxes due are remitted on a timely basis.

Corrective Action:

The Board's external CPA has now remitted the delinquent payroll tax returns and taxes due along with the applicable penalties and interest. In addition, the CPA is monitoring the filing of the returns to ensure that they are prepared and remitted on a timely basis.

Section II – Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2010.